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SUBJECT: PANAMA: SHOWDOWN AT THE ARNULFISTA CONVENTION
LEAVES MOSCOSO ON TOP

SUMMARY

1. (SBU) Defying expectations, former president Mireya Moscoso retained her position as Arnulfista Party (PA) president at a January 16 closed-door convention, co-opting one of her main antagonists, Marco Ameglio, while defeating the other key challenger, liquor magnate Juan Carlos Varela. Now renamed Partido Panamenista, the PA convention was to decide leadership issues in the wake of its crushing May 2004 electoral loss of executive and legislative power to the Democratic Revolutionary Party (PRD) of President Martin Torrijos. Through an adroit if unlikely alliance with erstwhile opponent Marco Ameglio (now vice president), Moscoso survived with her powers temporarily intact, pledging to step down in April (though many observers remain skeptical that she will surrender complete control). Varela, who was widely expected to dominate the convention in alliance with Ameglio and to oust Moscoso, was left out in the cold after a series of costly blunders. The convention's unexpected outcome signifies a tactical power shift within the party, as Varela's chance for a 2009 presidential candidacy seems all but lost, while those of former presidential candidate Jose Miguel Aleman and Moscoso-confidant and former Foreign Minister Harmodio Arias got a boost. Whether Moscoso actually gives up control of the party, however, is the key factor in the near term and could determine how the party adjusts to the ruling PRD's current dominance of the political scene. End Summary.

Frustrated Payback

2. (SBU) Prior to the January 16 convention both Marco Ameglio and Juan Carlos Varela had severely criticized Mireya Moscoso for her leadership of the PA up to and including the 2004 Presidential election and had campaigned vocally for her resignation. PA candidate Jose Miguel Aleman polled a dismal 16% of the popular vote on May 2, 2004 and lost the election by more than 31 percentage points, finishing third in a race of four candidates. Many Arnulfistas attributed the debacle to Moscoso's unpopularity and meddling in the campaign. Many Panamanians inside and outside the PA believed that stripping Moscoso of her prominent party position would be an appropriate outcome.

Unlikely Alliances

3. (SBU) But it was not to be. Moscoso was able to back her way out of trouble on January 16 by negotiating a deal with Marco Ameglio after Juan Carlos Varela committed a series of errors that doomed his faction to defeat. At a January 24 meeting with POL Counselor, 2009 Arnulfista presidential hopeful Harmodio Arias said that Moscoso had offered first to ally herself with Varela, especially as Ameglio, who had shown disloyalty to the party in the past, is not a "true" Arnulfista. Arias added that Varela, by rejecting opportunities to negotiate a political deal with Moscoso, had ignored the rule of "Politics 101," which is negotiate, negotiate, and negotiate. In the end, Varela refused to negotiate. Ameglio, on the other hand, according to former Public Works Minister Eduardo Quiros, started negotiating with Moscoso "as soon as he stepped inside the room" at the convention. For his part, Varela later claimed, in a conversation with POL Counselor, that his support would have evaporated if he had struck any deals with Moscoso.

JC'S "Three Strikes"

4. (SBU) According to both Arias and Quiros, Varela committed three fatal errors that created confusion among his supporters and alienated potentially sympathetic delegates. (Note: Varela himself was not a delegate and was barred from the convention floor. At the outset of the convention, the party was split into four groups under Moscoso, Varela, Ameglio, and a group of undecideds expected to vote with whomever they thought would win. Quiros, Jose Miguel Aleman, and Carlos Raul Piad, who did not want Moscoso to be forced

out, served as mediators between the groups.) Varela's first proposal (on internal party bylaws, board elections, and holding mandatory primaries) would have been a initial test of his voting strength but, due to a technicality, never made it to the convention floor. The convention committee rejected the proposal because it lacked the necessary supporting signatures. Arias said that this oversight was committed by Varela's assistant, who forgot to attach the signature page to the proposal when she handed it in.

Strike Two

15. (SBU) Varela then decided to ask his supporters to abstain from voting on any other proposal. That decision was wrongheaded, his critics agree, for two reasons. First, it prevented them from speaking at all or giving voice to their frustrations and opinions. It also backfired, reducing his support. In Arias's version of events, Varela vacillated on whether his supporters should abstain or vote for other proposals. As a result of that confusion and because Ameglio by then had made his pact with Moscoso, Varela's group was confused about how to vote. The convention then took the small number of abstentions (74) as proof of Varela's weakness, compared with the combined Moscoso-Ameglio vote of 256 (with 215 opposing). In fact, the abstentions did not reflect Varela's real strength (about 230) going into the convention. Meanwhile, many undecided delegates sided with Moscoso.

Strike Three

16. (SBU) Finally, Moscoso sent a messenger to Varela's hotel asking him to come to the convention from which he was officially barred. Rumor has it among party members that Moscoso offered to let Varela in through a back door to meet with her. Varela, shy of being caught on camera sneaking in through a back door to meet Moscoso, wanted to enter through the front one. The meeting never happened. Strike three.

The Panamenista Future: Juan Carlos Out, Jose Miguel In?

17. (SBU) Quiros said that many in the party were "shocked and disappointed" with Ameglio's ascendancy, and blamed Varela for the outcome. Quiros expects many in the party to campaign for other candidates to prevent Ameglio, now seen as an opportunist, from winning board elections in 2006. Now widely perceived as a loser inside the party, Varela's prospects for a 2009 presidential run seem dead. That unexpected turn of events gives new hope to Jose Miguel Aleman, the party's failed standard bearer in 2004, and possibly to the supremely confident Arias.

18. (SBU) At a January 31 reception, Varela claimed he had never intended to team up with Moscoso. On the contrary, his strength depended on distancing himself from Moscoso in favor of a "new" Arnulfista Party that would capture and hold the support of the younger generation, a group that was successfully courted by Torrijos, but one that did not have strong ties to any particular party.

Moscoso: Leaving Through The Front Door

19. (SBU) Moscoso's success was due to her shrewd management of her residual strength and her offer to step down as PA leader in April, when a new board will be elected, Arias and Quiros said. As Arias stated: "she wanted to leave through the front door, not the back." Given the PA's putative new-found aversion to back room politics, it was most likely a good way to maintain party unity. In addition, Moscoso came to the convention well-prepared to garner wider support. According to Quiros, she surprised the 500-plus delegates by delivering a non-scheduled speech at the opening of the convention. In her speech, she put all the board positions at the party's disposition, allowed for secret voting on every decision, and appointed a representative of each wing to every commission.

11. (SBU) The new Moscoso-Ameglio alliance gives Ameglio ten supporters on the new internal board of directors, and Moscoso only five (although some observers still believe that Moscoso might outmaneuver Ameglio). Assuming that Moscoso resigns in April, Ameglio would take over as temporary president until early 2006 when the party holds new elections. Ameglio, now Panamenista vice-president, told reporters that Moscoso deserves the respect of the party after the convention. When POL Counselor asked what the alliance means for the party, Harmodio Arias said, "Nothing; it was a victory for her."

Comment

12. (SBU) The Partido Panamenista's transition to a united, transparent and democratic post-Moscoso future is going to take longer than some pre-Convention optimists -- Varela among them -- thought. Only 4% of Panamanians identified themselves as Arnulfistas (Panamenistas) in a recent Gallup

poll. That shows the party's public disarray but does not reflect the party's inherent or potential strength. (The party has some strong young leaders who have been blocked out or manipulated by Moscoso, a "caudilla" in the tradition of her revered late husband and party founder, Arnulfo Arias.) The PA presidential candidate, Jose Miguel Aleman, polled only 16% of the vote in May 2004 but Arnulfistas also voted for Guillermo Endara, who got 31%. The combined Aleman-Endara vote equaled the 47% of voters who gave the presidency to Martin Torrijos. While it is too early to count the Arnulfistas out, it is also too early to predict whether the party will succeed in finding a way to repackage and modernize itself to become a relevant force for the future.

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